

Some Observations on the Rising Self-Employment in India

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1. Background and Objective: While the aspect of stagnant unemployment is considered as the crucial challenge for India's comprehensive national employment policy, the recent phenomenon of rising self-employment in the country is often deliberated as a development of interest in the labor market. The recent Periodic Labor Force Survey (PLFS, 2019-20) has indicated an increase for the share of self-employment in total employment that stood at 53.5 % in the percentage distribution of workers in usual status by broad status in employment. It is however noticed that the category of helper in household enterprises contributed to the largest increase in comparison to the category of own-account workers and employers. It has also been argued that shift away from wage-employment towards self-employment is indicative of a shift towards unorganized sector jobs because self-employment in India is mainly prevalent in the unorganized or contractual set-ups.

In the recent years, the government has initiated various schemes and skill- training programs to promote self-employment in the country. The government schemes viz., 'Mudra Yojana', 'Skill India' programs, "Start-up India" and 'Stand-up India' were the initial designs for incentivizing self-employment. Subsequently, the government has taken various steps for improving employability in the country like encouraging private sector of economy, fast tracking various projects involving substantial investment and increasing public expenditure on schemes like Prime Minister's Employment Generation Programme (PMEGP) run by Ministry of Micro, Small & Medium Enterprises, Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS), Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) scheme run by Ministry of Rural Development and Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM) run by Ministry of Housing & Urban Affairs.

It may be noted that the demand for work under the rural employment scheme, viz., MNREGS that increased substantially immediately after the pandemic and economic lockdown still continues to remain at an elevated level in recent times. This aspect has been interpreted as not enough regular jobs have been created in the urban centers so that a large section of the migrant and displaced workers remained engaged in this scheme. There is also a surge in the start-up across all sectors in India covering technology and innovations in health, automobiles, food, and education and so on. The government is presently offering various schemes to provide financial assistance to potential ventures in the form of subsidies and loans.

It is therefore evident that while the government policies are pushing self-employment as an answer to India's unemployment problem, the academic views have been quite different, which claims that self-employment in India is just a form of disguised unemployment or self un(employment). For some critics, self-employment is made up of casual work and is just an

opening to find regular employment. It is also argued that most of India's self-employment are not designers of job creation and are unpaid family workers or helpers in household enterprises. There are several issues that call for research attention in this respect, viz., i) has this evolution happened consistently across major states of India, ii) has this development been working for both the male and female workers, iii) has this expansion been operating in both the rural and urban sectors, iv) has this broadening been happening consistently or is resulted out of the job-losses in pandemic, and v) and finally to what extent this self-employment growth can be linked to the rise in entrepreneurship in or job-guarantee programs run by the government. The main objective of the present paper is set to address these issues by an examination of the recent labor and time use survey state-wise data from PLFS 2019-20 and TUS 2019 provided by MOSPI-NSC-GOI (2019, 2021).

2. Methodology and Plan of Study: We would first prepare the ratios and aggregates from the recent labor and time use surveys of India. The subsequent analyses would be performed using the cross-sectional data over 31 states in India. Other than observing the regional variations, we would undertake correlation/regression analysis for testing functional relationships. The rest of the paper could proceed in the following sequence. We first review the contested literature and evaluate the various arguments on the composition of self and wage employment in India (section 2). Section 3 examines the recent changes in the composition of self-employment across Indian states. A discussion on the various government schemes that were introduced recently is provided in section 4. Subsequently, the rural-urban and women-men differences in the occupation of self-employment across states are examined in section 5. The results on the possible links between the growth in self-employment with rising entrepreneurship, or with high engagement in employment guarantee schemes are furnished in section 6. The summary of the results and policy implications are included in the final section.

3. Data Source: We have collected the required data from the recent Periodic Labor Force Survey's Annual Report 2019-20 and the Time Use Survey in India during 2019.

4. Policy Implications: The Indian government in recent years has initiated many opportunities for people to be self-employed; however the academic view claims that self-employment has not addressed the challenges of unemployment and joblessness in the country. There could be various factors that are relevant here, such as, whether the self-employment is a rural phenomenon involving the small and marginal farmers and the landless. Likewise, it is important to discern whether more and more women are joining self-employment because of their time poverty. It is also logical to expect wide regional variations depending on the socio-economic backgrounds of the people across states. The results of our examination can provide some useful insights on the issue.